

Future Direction of the Regional Accounts

Mauricio Ortiz

Advisory Committee Meeting

May 13, 2022



Overview – Regional Directorate

Where we were before:

State Statistics

- **Gross Domestic Product (GDP)**
- **Personal Income (PI)**
- **Employment**

County & Metro Area

- **Personal Income (PI)**
- **Employment**

Overview – Regional Directorate

State Statistics

- **Gross Domestic Product (GDP)**
- Personal Income (PI)
- Employment
- **Personal Consumption Expenditures (PCE)**
- **Regional Price Parities (RPPs)**
- **Outdoor Recreation Satellite Account (ORSA)**
- **Arts and Cultural Production Satellite Account**

County & Metro Area

- **Gross Domestic Product**
- Personal Income (PI)
- Employment
- **Regional Price Parities (RPPs) – metro area only**

U.S. Territories

- **Gross Domestic Product**

Stakeholders



Media

Report on economic activity



Businesses, trade associations, and labor organizations



Academic Researchers

Applied economic research



Federal Government

Policy

Distribute funds to states



State / Local Governments

Policy

Distribute funds to localities

Set limits on government revenues or spending

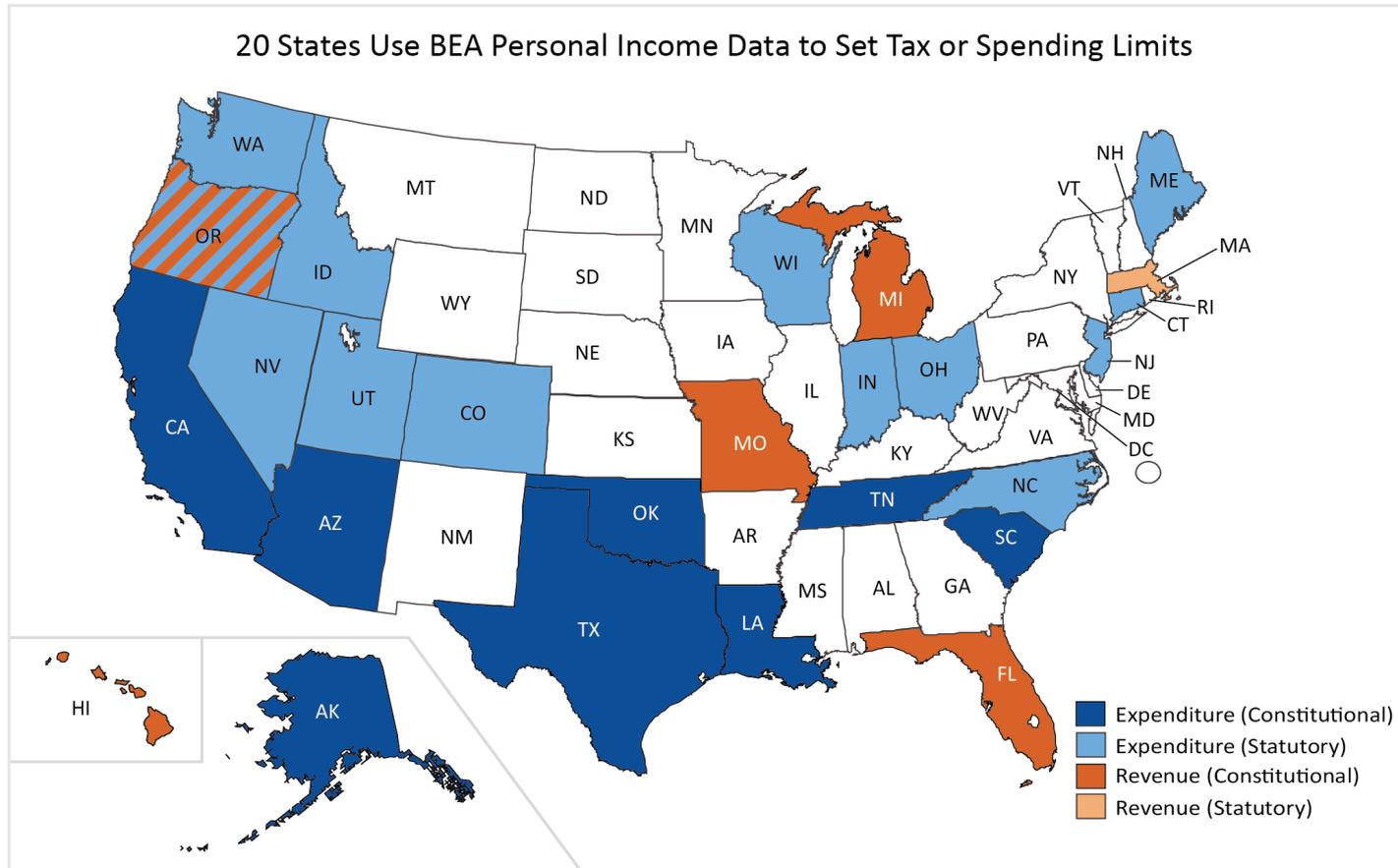
Federal Funding Allocated with BEA Regional Statistics

\$547.9 Billion of FY2020 Federal Health and Wellness Funding Allocated with BEA Regional Statistics

(Data shown in millions of dollars)



State Tax and Expenditure Limits



Source: State Tax and Expenditure Limits -- National Conference of State Legislatures 2020. State Constitutions or Statutes.

Goals – Regional Directorate

- Overall goal: Bring regional statistics together
- Four principal areas of focus:

Improve
existing
statistics

New statistical
products

Research
activities

Other
activities

- Challenges
 - Data, Data, and Data

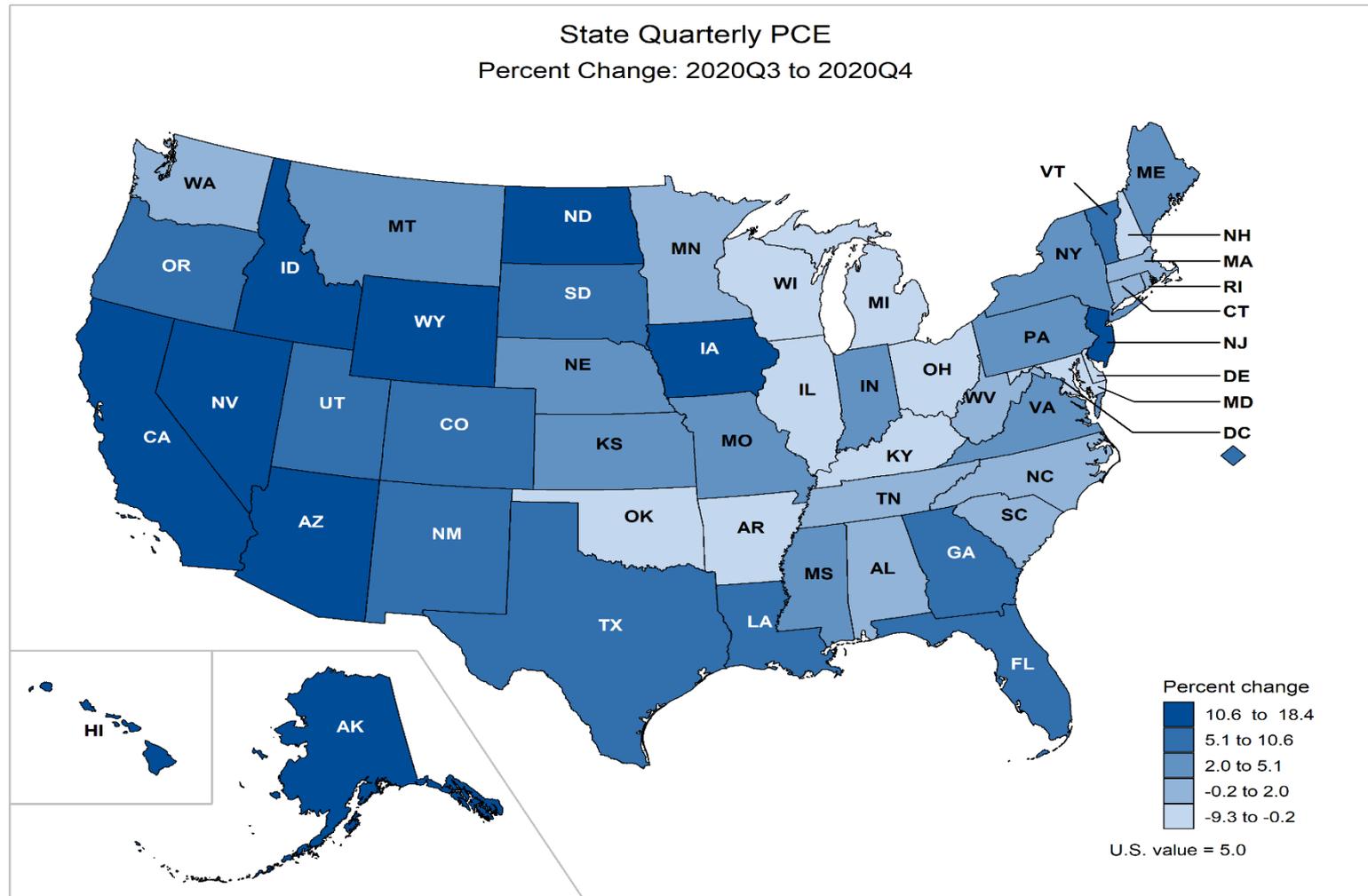
Improve Existing Statistics



- **Integrated release** of quarterly statistics of GDP and Personal Income by state, September 2022
 - Greater industry detail (NAICS 3-digit detail)
- **Improve timeliness** of GDP statistics for U.S. territories, TBD
 - Establish data access agreements with all of the U.S. territories
- **Migration of all production procedures** to Python programming language, 2024-2025

- **Quarterly PCE by state** statistics
- **Expenditure measures of GDP** for state statistics
 - State private fixed investment (includes residential and nonresidential buildings, equipment, and software), (FY2023 budget)
 - Government consumption and gross investment by state
- **Research and development (R&D) satellite account** state statistics

Quarterly PCE by State



U.S. Bureau of Economic Analysis

FOR ILLUSTRATION ONLY

Research & Development by State

Proposed R&D Satellite Account by State Statistics, 2012-2020

Industry
Research and development
Business
Manufacturing
Pharmaceutical and medicine mfg.
Chemical mfg., excluding pharmaceutical and medicine
Semiconductor and other electronic component mfg.
Other computer and electronic product mfg.
Motor vehicles, bodies and trailers, and parts mfg.
Aerospace products and parts mfg.
Other mfg.
Nonmanufacturing
Scientific research and development services
All other nonmanufacturing
Software publishers
Financial and real estate services
Computer systems design and related services
Other nonmanufacturing
Nonprofit institutions serving households (NPISH)
Universities and colleges
Other nonprofit institutions
Government
Federal
General government
National defense
Nondefense
State and local

- ✓ Value Added
- ✓ Employment
- ✓ Compensation

- **Updating** concepts, **improving** methodology, and **identifying** new source data for existing regional statistics
- **Expanding** or filling in statistics already measured at the regional level
 - Improving frequency (e.g., quarterly statistics)
 - Sub-state geographical boundaries (e.g., county statistics)
- **Developing concepts** for statistics not published at the regional level
 - Subnational measures of existing national-level statistics
 - Satellite accounts

- State income distributions and income inequality statistics, *FY2023 budget*
 - Working paper forthcoming
- Synthetic data, differential privacy, and privacy protection
 - SOI data / proprietors' income statistics – Urban Institute
- Geography of consumption - Consumption Zones
- State gross output/state Supply Use Tables

Distribution of Personal Income by State

State income distributions and income inequality statistics



- Based on the “personal income” concept
- Experimental results include:
 - Inequality statistics such as Gini coefficients and income quintiles
 - Distributional information such as median income and income percentiles for states and the District of Columbia
 - Regional Price Parity adjusted statistics too
- Data sources: Current Population Survey, adjusted/augmented with data from the Internal Revenue Service, the American Community Survey, and other sources

- Data science and alternative data sources
 - Applications for QCEW microdata (firm-level data)
 - Alternative data sources from payroll processors, credit card intermediaries, and budgeting service providers
 - Partnering with Opportunity Insights, the Census Bureau, and the Bureau of Labor Statistics
 - Alternative methods such as machine learning, nowcasting, and hierarchical modeling

Feedback and Discussion

- Regional Directorate's focus



- Potential improvements or new regional statistics

- Quarterly PCE by State Statistics
- R&D by state Statistics
- Any additional regional statistics to consider (State / County)

- Regional research priorities

- Income Distribution
- Consumption Zones
- State Supply Use Tables
- Additional regional research to consider